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Anthem PERSONAL AND CONFIDENTIAL

November 2, 2001

Via Facsimile & Overnight Mail

Mr. William L. Jows
President and Chief Executive Officer
CareFirst, Inc.
10455 Mill Run Circle
Owings Mills, MD 21117-4208

Dear Bill:

On Monday, October 29, Anthem priced its initial public offering, marking the swift completion of our demutualization process. Based upon your prior communication, I think this removes the only remaining hurdle to exploring a potential acquisition of CareFirst by Anthem.

I have highlighted three important implications of the success of Anthem's demutualization and IPO for our future discussions regarding a potential transaction:

1. Our IPO creates a strong, highly liquid currency.

With over \$2.3 billion in total proceeds raised, our IPO was the largest ever for a managed care or health care services company. The marketing process generated over \$12 billion of demand for our stock from institutional investors. Based on Thursday's closing price of over \$42, Anthem has an equity market capitalization of \$4.3 billion, making it the fourth largest publicly traded managed care company by market capitalization. Coupled with our strong balance sheet, large cash position and access to credit, Anthem has ample financial capacity and flexibility to fund an acquisition of CareFirst using stock, cash or a combination of both.

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Anthem is not a company and does not have a legal presence in any state. Anthem is a company and does not have a legal presence in any state. Anthem is a company and does not have a legal presence in any state.

Mr. William L. Jews

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2. Anthem has an unparalleled track record with regulators.

Anthem completed its demutualization and IPO in a record time of nine months from the time the Board authorized our management to develop a plan of demutualization in January to the pricing of the IPO on October 29th. In that short time, Anthem worked with the Indiana Department of Insurance, the Securities and Exchange Commission and the Blue Cross and Blue Shield Association as well as the departments of insurance and attorneys general in the other states where Anthem operates. Anthem has a similar track record of working with regulators to close its acquisitions swiftly and would work closely with you and other constituencies to do so with CareFirst as well.

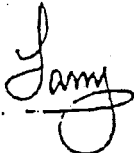
3. Anthem keeps its commitments.

When we first began our efforts to be included in your transaction process, we committed to you that we would complete our demutualization process by the end of October and that our process would not interfere with our ability to pursue an acquisition of CareFirst. With that process now completed on time, we stand ready to engage in discussions to explore a transaction.

Bill, as I have consistently stated in our communications to you, I believe that Anthem can deliver superior value to all of your stakeholders through an acquisition. In the last eight years, we have managed to convince the management and Boards of eight different BCBS organizations of the value of becoming part of Anthem. We think we can do the same with CareFirst if given the opportunity to do so.

As an immediate next step, I would like to discuss with you our interest in participating in your process in a manner afforded others. We will contact you to make the arrangements.

Sincerely,



Larry C. Glasscock

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